



NASA Financial Management Manual

Table of Contents

FMM 9013	POLICY FOR ACCOUNTING FOR BARTER TRANSACTIONS	2
9013-1	INTRODUCTION.....	2
9013-2	PURPOSE AND SCOPE OF THIS POLICY	2
9013-3	REFERENCES	2
9013-4	GENERAL POLICY AND RULE.....	3
9013-5	SPECIFIC POLICY	3
9013-6	RESPONSIBILITIES.....	5
9013-7	DEFINITIONS	6



NASA Financial Management Manual

FMM 9013 POLICY FOR ACCOUNTING FOR BARTER TRANSACTIONS

9013-1 INTRODUCTION

- a. Most business transactions involve exchanges of cash or other monetary assets or liabilities for goods or services. The amount of monetary assets or liabilities exchanged generally provides an objective basis for measuring the cost of non-monetary assets or services received by an enterprise as well as for measuring any gains or losses on non-monetary assets transferred from an enterprise. Some transactions, however, involve a reciprocal transfer of non-monetary assets, i.e. a barter transaction.
- b. NASA utilizes non-monetary transactions in the form of barter agreements with International Partners that govern the reciprocal exchange of goods and services.

9013-2 PURPOSE AND SCOPE OF THIS POLICY

- a. The purpose of this policy is to provide guidance on, and a methodology for, the accounting treatment for non-monetary barter transactions.
- b. The types of non-monetary transactions that may arise from exchanges between the exchanger (the entity making the exchange) and the exchanges (the entity receiving the exchange) are:
 - (1) Direct exchange of assets;
 - (2) The exchange of assets for services received;
 - (3) Services provided for assets received; or
 - (4) Services provided for services received.

9013-3 REFERENCES (ACCOUNTING AUTHORITIES)

The accounting authorities for governing non-monetary transactions are found in generally accepted accounting principles, specifically:

- a. Accounting Principles Board (APB) Opinion # 29, "Accounting for Non- Monetary transactions";
- b. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards No.6, "Accounting for Property, Plant, and Equipment"; and
- c. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards No.5, "Accounting for Federal Liabilities of the Federal Government."



NASA Financial Management Manual

9013-4 GENERAL POLICY AND RULE

- a. The general rule that applies to barter transactions is that the accounting for non-monetary transactions should be based on the fair values or full cost of the assets and services involved.
- b. The fair value to be used is that of the asset surrendered, *unless* the fair value of the asset received is “more clearly evident.” For example, where NASA cannot determine the full cost of assets or services exchanged, but the value of the assets or services received may be determined from the reciprocating entity, then the fair value (or full cost) of the asset value can be gleaned from the asset transfer form DD250. This form is deemed acceptable supporting documentation and audit evidence for capitalizing assets and recognizing liabilities.

9013-5 SPECIFIC POLICY

a. FAIR VALUE OF ASSETS.

The fair value of assets and services should be equal and equivalent to the full cost of providing these services and assets. Where full cost is not readily available, then estimated full costs may be used. However, where it is considered prudent and reasonable to do so, estimated full cost of assets and services may be determined against recorded transactions of similar assets, quoted market prices, independent appraisals, and / or any other relevant and auditable appraisal techniques available. Where a barter transaction occurs in which we acquire property, but do not surrender property in exchange, for purposes of considering whether the acquired asset meets our capitalization criteria and establishing the capitalized value of the asset, NASA's policy is to consider the value of the asset acquired to be the value of the services surrendered unless the value of the asset obtained is more readily determinable.

b. RECOGNIZING ASSETS AND LIABILITIES DUE TO TIMING DIFFERENCES

- (1) If the receipt and provision for assets or services are not both provided within a single accounting period, then the respective liability must be accounted for. For example, if NASA has received assets and / or services, but has not provided the corresponding asset and / or services, then the liability for future services to be provided must be recognized and accounted for.
- (2) Any liabilities arising may only be released upon satisfaction of the terms and conditions of the barter agreement. For example, if an asset has been received, though corresponding services such as long-term access to the ISS or astronaut training have not been provided, then both the asset and corresponding liability should be recognized and accounted for. In these two examples for instance, the liability should be released over the expected period of use of the ISS and when all discrete components of astronaut training has been completed respectively.



NASA Financial Management Manual

- (3) Where NASA has provided assets or services without the reciprocal *asset* component of the barter agreement, then in effect, NASA will retain ownership of its barter asset until any exchange by the reciprocating entity is made. The nature of this transaction requires disclosure in line with the policy instruction below.
- (4) Where NASA has provided assets or services without the reciprocal *service* component of the barter agreement from the exchange, then the future receipt of these services should be recognized as an asset, and drawn down upon in line with the outflow of services as and when the exchange provides them. The nature of this transaction requires disclosure in line with the policy instruction below.

c. ACCOUNTING FOR LOSSES AND GAINS

- (1) Losses and gains on an immediate, direct exchange of assets should not arise. However, where liabilities are recorded for services to be provided in the future, the actual full cost incurred to provide these services may result in a loss or gain against the original provision as the barter agreement is satisfied.
- (2) Where gains or losses may arise, then:
 - (a) All known losses arising must be recognized and accounted for and be disclosed in accordance with generally accepted reporting requirements; and
 - (b) All known gains arising must be recognized and accounted for and be disclosed in accordance with generally accepted reporting requirements.

d. DISCLOSURE

- (1) All barter transactions should be disclosed in the period in which they occur.
- (2) Disclosure in the published financial statement should include, but not be limited to, the basis of accounting for the assets exchanged via barter agreements, and the respective gains or losses recognized on these transfers.
- (3) Disclosure should be in accordance with generally accepted reporting requirements.
- (4) In accordance with the above principles, NASA Program Managers will calculate dollar value of services to be provided by NASA and will provide documentation to support the amount, method of calculation and schedule for providing the services. If the dollar value of NASA's services to be provided cannot be determined, the cost of the item received will be used, and the liability will be liquidated (using a straight line method) over the term of agreement or (in the case of where use of another asset will be provided) the useful life of the other asset, whichever is less. The appropriate entries to be recorded by NASA for the stated transactions are:



NASA Financial Management Manual

(a) Asset is Received.

Dr.1750.0100 Government-Held/Government-Owned Equipment

Cr.2990.0000 Other Liabilities

(b) Asset is Turned Over to Contractor for Integration into Space Craft

Dr. 6100.8200 Personal Property - GOCH

**Cr.1750.0100 Government-Held/Government-Owned Other
Equipment**

(c) Contractor Reports Asset on Its Annual 1018 Report

**Dr.1750.0500 Government Owned Contractor Held (GOCH) Agency
Peculiar**

Cr.6100.8200 Personal Property – GOCH

(d) NASA provides services as per the agreement

Dr.2990.0000 Other Liabilities

**Cr.6100.8100 Personal Property – Government Owned Government
Held (GOGH)**

e. MONETARY TRANSACTIONS

This policy does not apply to any monetary transactions involving cash or cash equivalents in either whole, or part thereof.

9013-6 RESPONSIBILITIES

The responsibilities for identifying, reviewing, and accounting for barter transactions, where they specifically relate to the ISS Program are as follows:

- a. The Office of Space Flight (Code M), through the Deputy Associate Administrator (or through his or her designee) shall provide notification of barter or non-monetary transactions to the Chief Financial Officer (Code B) (or his or her appointed designee.)
- b. The Office of External Relations (Code I) is responsible for providing the relevant details of the transaction with supporting and auditable documentation to comply with this policy, generally accepted accounting principles, and auditing standards.
- c. The Financial Management Division (Code BF) is responsible for accounting for the transaction in financial records to comply with this policy, generally accepted accounting principles, and auditing standards.



NASA Financial Management Manual

9013-7 *DEFINITIONS*

- a. Monetary assets and liabilities are assets and liabilities whose amounts are fixed in terms of units of currency by contract or otherwise. Examples are cash, short- or long-term accounts and notes receivable in cash, and short- or long-term accounts and notes payable in cash.
- b. Non-monetary assets and liabilities are assets and liabilities other than monetary ones. Examples are inventories; property, plant and equipment; and liabilities for rent services provided in advance.